Vol. 14, No. 15 April 16, 1963

"Don't you realize," an associate is reported as having said to Bertram Powers, "that you've won on every point of principle?" Whereupon Powers agreed to reduce his money demands against the New York publishers—for he had, indeed, won the points of principle, and the results of that victory will affect certainly the future history of the newspaper business, almost as certainly the future of the entire publishing business, and quite possibly the future of the economy. The great issue of the strike was automation.

The New York publishers, faced as so many businessmen everywhere are with rising costs and sluggish revenues, are sick, and any sickness that festers in the economy of almost any major metropolitan center is likely, thanks to national unions and a national government, to spread quickly to the hinterlands. The sum of money Powers was asking for was preposterous. But in the modern order the style now is not to ask for a lot of money and expect to get half what you ask. It is to ask for a lot of money, and eventually accept a surrender on a point of principle. And indeed, reeling with fatigue after a hundred-day strike, grievously handicapped by the river of money flowing into the strikers from state welfare benefits and local and international unions, management capitulated. With the exception of the stock market pages, it is now substantially within the power of the unions to prevent the newspapers from bringing in machinery that would cut down the high cost of labor.

The great illusion of the dogmatic unionists is that employment can be spread out by asking for higher wages while denying the right to modernize. The power of the typographical unions has for generations been such as to prevent the printing business from profiting from the technical ingenuity of our society. The union that won the strike is the union in which the concept of the bogus was born, where you set type in order to throw it into the wastebasket, where you run a man out of business if he proposes to modernize his plant.

One prediction is safe. Two, possibly more, newspapers in the New York area will fold up within two or three years. As the virus spreads out around the country, the cost of producing the marginal newspapers will rise beyond the willingness of the public to support them; and more and more will go out of business. And those responsible for it, the labor union members and the compliant management, will have to look elsewhere for jobs. Let us hope that elsewhere, having allowed automation to keep prices down, saner men will have created opportunities for them to find work.

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BULLETIN

## THE WEEK

□ TAKE A LIE DETECTOR TEST? Sure, said Pentagon news-manager Arthur Sylvester to the TFX probers. But, asked if he'd swear in writing to submit to the test, Sylvester managed a "no." "As a matter of principle," he explained. Washington is enjoying Sylvester's embarrassment, in the light of his fluent lying during the past; but lie detectors are feared not only because of their reliability, but because of their unreliability. Recently the two football coaches from Alabama and Georgia, and the eavesdropper-informer, testified under a lie detector and gave contradictory accounts of their involvement in alleged football fixings. All three passed the truth-tests with flying colors.

□ THE CRACKDOWN ON CUBAN EXILES who seek to liberate their country is ironic considering the tacit encouragement we gave the Cuban exiles who ousted Batista five years ago. Apologists for the Administration reply that a) we are only doing what the Neutrality Act, which is the law of the land, requires that we do; and b) if we were wrong in 1958 in allowing the Act to be circumvented, it does not follow we should be wrong now. Others note that the U.S. has a way of transcending the law when it suits our strategic convenience, and that the morale of the resistance movement within Cuba demands occasional Dieppe-type raids from abroad. Those whose taste for legal nicety matches their taste for Cuban freedom may propose that the Neutrality Act be disposed of by supplementary legislation, *e.g.*, a declaration of war against Castro's Cuba.



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■ **YEVTUSHENKO HAS "CONFESSED"** his "mistakes," just as his predecessors used to do under Stalin. The poet's ostensible independence has served for several years as a banner for those who urge a view of the Soviet Union founded on dogmatic optimism. (*E.g.,* from a recent *Commonweal* article: "[Yevtushenko is] a sort of official poet of destalinization . . . ") The optimists are in disarray, but will predictably regroup the very next time Khrushchev (or his successor) coos.

■ **CLOSING THE SCHOOLS** in Prince Edward County, Virginia, rather than comply with court-ordered desegration, is legal, said Circuit Court Judge John Wingo Knowles on March 28. He found that the school authorities had complied with the law; that the state and federal laws do not require the maintenance of free public schooling; and that no law prohibits the payment of tuition grants.

■ **ONE STOUTHEARTED MAN**—that's all that was needed to upset the highly ballyhooed Cuban Solidarity Conference the Communists threw in Brazil last week. It was to have been an anti-U.S. saturnalia at which Communist delegates from every nation in the hemisphere (there was even a U.S. group, from "occupied California") would outdo each other in heaping vituperation on the *Yanqui imperialistas.* But pro-U.S., anti-Communist Governor Carlos Lacerda of Guanabara Province (in which Rio is situated) turned the fiesta into a fizzle. He cordoned off buildings in which the Communists had planned to meet; threw troops around the university when leftist students threatened a demonstration; arrested 58 members of the Communist-tinged Brazilian Peasants League. And he got into such a hassle with leftist President Goulart over who had jurisdiction in Rio that that became the news of the hour—not the fulminations of the Communists in their

## ON THE LEFT

According to Russian sources, two powerful Liberals in the Kennedy Administration have made major disarmament concessions off the record. Arthur Dean, former head of the U.S. disarmament team at Geneva, reportedly assured his Soviet counterpart, Semyon Tsarapkin, that "two or three" annual inspections for nuclear testing would be sufficient for a safe test ban treaty. The same number of inspections was proposed also by Jerome Wiesner, chief scientific adviser to the President, in a conversation with a Soviet scientist.

*Marches du Printemps, pour la Paix*—April 13 marks the Banner day. In Chicago, Women Strike for Peace will march at the head of a dozen peace groups and labor unions; in Detroit, Turn Towards Peace will celebrate a "coalition of 27" groups marching; in San Francisco, Women for Peace and Citizens Committee for Disarmament will hike; and in Philadelphia, the Student Peace Union will march all the way to the UN building in NYC.

Fellow-traveling folksinger Pete Seeger alleges that he is being blacklisted by WABC-TV (which denies it) in New York City, and suggests he will take his case to Newton Minow, boss of the Federal Communications Commission, with the object of promoting an FCC directive to the networks outlawing blacklisting for polreasons.

CPUS boss Gus Hall is having pretty fair success in his pilgrimage through liberal arts schools. His recent appearance at the University of Virginia, sponsored by the John Randolph Society, allied campus Liberals and conservatives against state and national leaders who opposed the visit. Hall then appeared at Yale, again over the objections of national leaders, and got a calm reception. He was more warmly received at Brandeis. Students at Fairleigh Dickinson University in New Jersey, stirred by an extraordinarily fuzzy editorial in the campus paper, recently voted to hear him despite a ban on the appearance by university trustees.

The rather abrupt treatment of their comrades in Iraq, under the new regime there, has U.S. Reds fulminating. They have, already, rumbled with Iraqi Embassy, cranked out press releases, mounted pickets, created a new Lumumba in Hussein Ar-Redi (the just-deceased general secretary of the Iraq CP), and formed the Citizens Committee to Protest Murder in Iraq.

Dr. Willard Uphaus, who served a year in jail on a contempt conviction for failing to answer questions regarding possible Communist penetrations, has taken the chairmanship of the Citizens Committee for Constitutional Liberties, perhaps the most flamboyant of all Communist fronts. The Committee is sponsored by at least a dozen of the country's top CP members and officials.

First there were novels, led by *On the Beach* ("the world will die of radioactive fallout"), *Fail-Safe* ("accidental nuclear war"), *Seven Days in May* ("the army will take over") and inferior specimens. Now the pioneer film by Stanley Kubrick: "Dr. Strangelove, or: How I Learned to Stop Worrying and Love the Bomb".

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Willmoore Kendall, Frank S. Meyer, William F. Rickenbacker
MANAGING EDITOR: Priscilla L. Buckley



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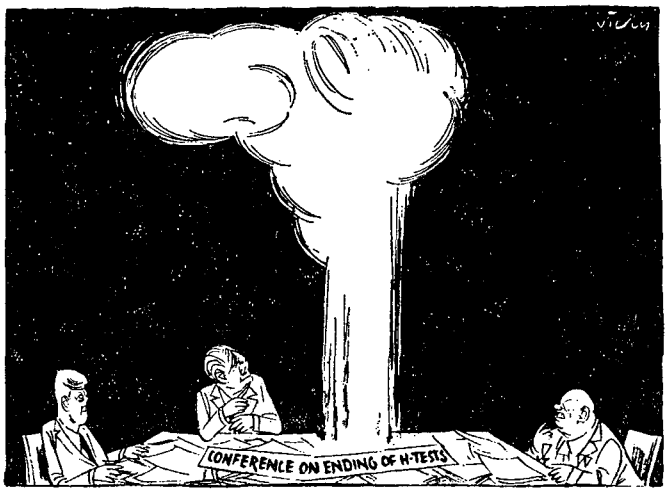
makeshift quarters across the river at Niteroi, in a neighboring province.

■ **DEATH IN THE RULES COMMITTEE** for Rep. Thomas Pelly's (R., Wash.) bill to end backdoor spending. With one Liberal Democrat sick, the vote was tied at seven to seven. More than 150 congressmen had sponsored the bill, and chances of acceptance by the House were deemed bright if only the bill could reach the floor. The committee that killed the bill is the one that has been packed by the Liberals to prevent it from undemocratically refusing to allow the House to vote on strongly-supported legislation.

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■ **BRITAIN'S NEW FRONTIER** is announced along with Labor chief Harold Wilson's return from Washington. The Labor Party publishes a booklet, "New Frontiers for Social Security," committing the Labor Party to a vast expansion in the payments (and taxes collected) under Britain's cradle-to-grave welfare system. But the system is now so expensive that the flat rate begins to look burdensome. So the Social Security taxes will be applied "progressively"—involving a long step toward the ultimate leveling.

■ **GUATEMALA'S TURMOIL** seems largely internal. The soft-on-Communists former President Juan José Arévalo had returned secretly and given signs of stirring political trouble, perhaps aimed at the next presidential election. The staunchly anti-Communist President Ydígoras Fuentes was "ousted" almost immediately in a palace *coup* that placed Col. Enrique Peralta Azurdia (who had been Ydigoras' Defense Minister for two years) in the No. 1 spot. Ydígoras retired to Nicaragua, whence he praised the firm anti-Communism of his successor. Peralta promised strong anti-Communist measures. Arévalo disappeared, probably over the border again. There are further signs that the new Guatemala regime is anti-Communist: it is attacked in Moscow; it has stirred up unrest among students; Venezuela has withdrawn diplomatic recognition; and the U.S. was rather slow to indicate any degree of pleasure at the *coup*—in deep contrast to the haste we showed in recognizing the Nasserite rebels in Iraq.

## PEOPLE

Plunging popularities: Pres. **de Gaulle's** rating in latest French Gallup down to 47% (the lowest ever) from 67% after his Britain-Stay-Home speech of Jan. 14; **Harold Wilson,** new British Labor leader, took just one month to drop from 71% to 51.6% in poll on whether he would make good Prime Minister; stories cropping up in leftist Italian, French press indicate **Nikita Khrushchev** is also in trouble. Some Italian Communists flatly predicting that Khrushchev will be ousted as Soviet chief before the end of the month. Their candidate for Kremlin topdog: **Mikhail Suslov.**

Behind report that orbiting Special Presidential Adviser **Chester Bowles** will make his re-entry at New Delhi and replace **John Galbraith** as Ambassador is a Bowlesian ultimatum. Bowles informed **JFK** he would resign from State Department unless he got an important post. . . . Having failed to get Congress to set up a Department of Urban Affairs for **Carl T. Rowan** to head (and having been embarrassed by some of Rowan's more extreme anti-extremist statements), the Administration has resolved its problem by appointing Rowan Ambassador to Finland. . . . On the plus side in recent ambassadorial assignments is choice of able veteran newsman and sophisticated anti-Communist **Edward M. Korry** (former *Look* European editor) as Ambassador to Ethiopia. . . . Soviet theory revealed by Khrushchev son-in-law **Alexei Adzhubei:** Nixon lost because he took hard line with Khrushchev and opposed "peaceful coexistence." . . . To be unveiled in Athens next month, larger-than-lifesize bronze statue of **Harry S. Truman,** to commemorate his decision to help Greece in its 1948 anti-Communist civil war.

**Stanford Morse,** popular Mississippi state senator and JFK supporter in 1960, has announced he'll run for lieutenant governor this year as Republican on ticket headed by another former Democrat, **Rubel Phillips.** . . . In Ohio, Rep. **Robert Taft Jr.** being pressed to run against Liberal extremist Sen. **Stephen Young** next year. Chances? Good. . . . Postmaster General **Day** agrees (for once) with **Barry Goldwater.** He recently told a Democratic woman's club that Goldwater would be "off his rocker" to team up next year with a Liberal candidate. . . . Rep. **August Johansen** (R., Mich.) up in arms over State Department crackdown on anti-**Castro** Cuban raiders who "represent the real voice of Cuba." . . . Foreign aid watchdog, Rep. **Otto Passman** (D., La.), claims AID (Agency for International Development) could operate for two years without the appropriation of another penny.

**Bob Hope** knows what touched off the recent congressional investigation of TV rating systems. The last straw, he says, was when it was found the President's State of the Union message had been topped by **Huckleberry Hound.**



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■ **THE UN CONQUEST OF KATANGA** hasn't brought peace or order. Soldiers of the Central Congolese Army still clash with Katanga police, and deaths are still reported. Thousands of armed Katangese police roam the bush. Half of the Central Congolese troops are so undisciplined that the UN has separated them from its patrols. Governmental administration in Elisabethville has broken down, and the daily requirements of life above the bush level are getting harder to come by. The backbone of the UN forces in Katanga has been the highly competent Indian brigade and the popular, French-speaking Tunisian battalion, but these troops will shortly withdraw, all 6,000 of them, and the population awaits with anxiety the Ethiopian replacements. A report in the London *Times* sums it up: "The ending of Katanga's secession, which was depicted as the essential step to be taken before the Central Government could get to grips with the grim realities before it, is likely, unless there is a quick change of heart, to bring still nearer the total disintegration of the Congo."

■ **NBC NEWS HAS TAKEN NOTE OF THE PHENOMENON** of "Resignation Rallies" at which conservative Democrats of the South and Southwest join the Republican Party. One film showed, first, Senator Tower addressing a huge crowd of Texans, and then his audience registering its enthusiasm tangibly when the hat was passed. Sandor Vanocur summed up the meaning of the telecast for his viewers by stating that "a new brand of Republicanism" may become dominant in the Southwest.

## ■ WHAT'S AHEAD

### ROCKY SHIFTS INTO LOW

According to the political pitchmen it's still Rocky all the way in the '64 Republican convention, but the pros are beginning to smell trouble, to get the feeling that the Rockefeller Express is running late. Why does *Life* choose this time to do an anti-Rocky spread on the New York State Liquor Authority scandal and the *New Yorker* to run a (ever so) gently pro-Goldwater cartoon? There's an air of uncertainty about the campaign that GOP organization men all over the country are latching on to. Is Rocky such a shoo-in after all?

The Goodie Knight flap in California is an example. Knight opened a "Rockefeller for President" office and closed it down—both operations being carried out with a maximum of publicity—almost immediately. A boner. Former Governor Knight has big enemies in California Republican politics: Richard Nixon is one; William Knowland, another. Control of the party in the nation's biggest state is up for grabs and Knight's ill-timed gesture will make the grabbing by Nelson Rockefeller just that much harder.

Those close to Richard Nixon intimate he's fed up with California politics, maybe even with California. They wouldn't be surprised to see him move East, possibly to tie in with a big New York law firm—"pulling a Dewey" is what they call it. They think Nixon's call for unity in the Republican Party (translation: let's everybody get on the Rockefeller bandwagon) may presage a deal with Rockefeller to expedite Nixon's shift to Manhattan.

### LESS AID FOR AFRICA

Africa is being phased out of American foreign aid. Congressional opposition to aid is so strong that overall reductions were forced, and Latin America has priority on the balance because of Communist infiltration and hemispheric ties. But the Administration also wants to show the voters some dramatic examples of growth based on American aid, and few African countries are in the kind of shape leading aid-theorist Walt Rostow describes as necessary for a "takeoff." There is also a widespread feeling in Washington that there are too many new nations for us to help them all, and that Europe should bear the responsibility for aiding its former African colonies.

# Capital Bulletin

*Dateline* *Washington*

Senator Karl Mundt, a member of the Permanent Investigations Subcommittee looking into the TFX matter, has noted with indignation that Mr. McNamara and his aides have been juggling figures and data to "prove" the correctness of the Defense Department's decision. Every form of pressure is being exerted to prevent military experts at the Pentagon from testifying forthrightly and completely.

That the Administration realizes the potential dynamite in the case was underscored by a visit to the Subcommittee chairman, Senator John McClellan, from Attorney General Robert F. Kennedy. As the nation's chief law enforcement officer, Mr. Kennedy should be studying the evidence to see if any improper conduct was involved in the awarding of the TFX contract. Instead, he appeared as an advocate, attempting to use the power of his office (and his relationship to the President) to quash further investigation.

Secretary Robert McNamara, once considered among the Administration's major assets, may turn out to be its greatest liability. Not only has he embroiled it in the TFX controversy, but he has also spoken a little too candidly about the Cuban situation for the President's pleasure. At a time when Administration spokesmen and news managers were doubletalking the nation to death on the subject of Soviet troops in Cuba, Mr. McNamara said, "If there is an uprising in Cuba, and the Soviets send *more* troops, this will be considered an invasion."



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Europe is showing its willingness to do so, largely because it wishes to keep a sphere of influence in Africa, and to guarantee itself a continuing source of raw materials. Most former French and Belgian colonies will be joining the Common Market as associates, thereby becoming eligible for greatly increased European aid.

The downgrading of Africa is a blow to American Negro groups, who have been agitating for huge aid programs to Africa. Negro activists feel that dramatic progress there would stimulate race pride and spur integration here by demonstrating the Negro's capacity for leadership.

**DOLLAR DISEASE**

The pressure on the U.S. dollar will continue. Currency swaps, loan prepayments, and other palliatives ease the pain and defer the crisis, but they don't get at the root problem: the international payments deficit, caused by foreign aid programs, inflation, high costs, unattractive interest rates. But Washington has taken a good step recently in requiring all federal agencies doing more than $1 million a year in overseas transactions to report, quarterly, on their activities with the view to spotting and diminishing waste. That may help economize on some part of the $2 billion deficit rung up by federal transactions, but with a "normal" deficit now running at a $5 billion annual rate according to some figures, it doesn't go too far toward a solution.

International problems affect the dollar's relation to gold; but with the rising price of silver (now within 2% of the price at which silver dollars are worth 100 cents in the silver market) there's growing pressure internally on the dollar even in relation to silver. There are rumors in financial circles that the government has asked banks not to make loans against 100%-good silver coins as collateral. Which comes close to public repudiation of the currency: a sign of genuine monetary distress.

There is evidence that in recent weeks the Soviets have been reinforcing their 35,000 troops in Cuba. But in keeping with his promise to Comrade Khrushchev, Mr. Kennedy is doing everything within his power to prevent action which will lead to the uprising mentioned by Secretary McNamara. U.S. Navy patrols, presumably guarding against shipments of "offensive" weapons, have buttoned up the island so that neither arms nor men can reach the anti-Castro guerrillas in the Cuban mountains. The State Department, moreover, has made it very clear to members of the Organization of American States that the Administration frowns on any support they may give to anti-Communist forces wishing to prepare for action against the Cuban Government. In short, as the price for the removal of a handful of missiles, the United States has in effect guaranteed the safety of the Castro regime.

Plans for a Communist *coup d'état* in Brazil for early April have been put aside in favor of a more gradual takeover. Pressing for an open uprising was Francisco Julião de Paula who has been arming and organizing "peasant" groups in the Brazilian countryside with the help of Castro money. Against it was Luis Carlos Prestes, veteran Red leader who takes his orders directly from Moscow. Prestes argued that the infiltration of the Brazilian Government was proceeding at a rapid rate. An overt revolution would embarrass the Kennedy Administration and force it to capitulate to those within the Congress who have been demanding action against Communist expansionism in Latin America. Cuban-trained guerrilla leaders at five staging areas in Brazil have been told that there will be no marching orders.

Communist control in Brazil is a long way from being complete. But the Reds have been able to capture at least one major segment of the government: the Foreign Ministry. This paid off handsomely when an important member of the Castro cabal was killed in a plane crash near Lima, Peru, last November. Among his belongings was a briefcase carrying six secret and incriminating letters detailing Fidelista activities and plans in Brazil. When Peru let it be known that it intended to turn over these documents to the OAS, the Brazilian Foreign Ministry warned the Peruvian Government that this would be considered an "unfriendly" act. The Brazilian Ambassador demanded and got the documents—although copies were kept.

These letters have been authenticated. They are proof that Cuban money and arms were being sent into Brazil to supply the Communist underground. Yet the Brazilian Government made no protest to Cuba—nor did it present the documents to the OAS or the United Nations. Diplomatic sources here pointed out that President Betancourt of Venezuela has also been remarkably shy about filing complaints against Castro Communists, despite repeated bombings of oil pipelines and other provocative acts. Mr. Betancourt was not so reticent in his denunciation and countermeasures when they were aimed at the Dominican Republic's late dictator, General Trujillo. It has not escaped the attention of observers here that the State Department shares this double standard of indignation.

Representative Earl Wilson (R.,Ind.) has introduced legislation which will give the General Accounting Office the right to police Pentagon procurement contracts. Some think that billions are wasted because the civilian brass awards these contracts on a sole-source basis and seeks to bar competitive bidding. Mr. Wilson has also proposed a House-Senate watchdog committee to keep its eye on Defense Establishment procurement practices. The Pentagon, of course, opposes these measures.

QUINCY



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# At Home

**Two weeks ago this column discussed** the American visit of a group of clergymen from the Soviet Union. It contested the theory, advanced by the host National Council of Churches, that the Soviet delegation consisted of "practicing Christians." There was reason to believe, the column stated, that clergymen sent abroad by the Kremlin were more likely to be votaries of the Communist state than of the Christian Church.

These reflections have since been corroborated by the amazing story of a private citizen who, by dint of audacity and an odd series of circumstances, penetrated the propaganda curtain that had been dropped over the visit. The citizen is Paul A. Voronaeff of Indianapolis, Indiana, an American of Russian birth, educated at the University of Moscow. Voronaeff wound up serving as an impromptu translator for a group of the visiting churchmen, and engaged in a revealing three-hour conversation with one of them.

His resulting discoveries, plus his own considerable background and knowledge of conditions in the USSR, offer a vivid refutation of the National Council's publicity about the "independence" of the Russian Church. On Voronaeff's evidence it becomes more than ever apparent that our visitors, far from being "practicing Christians," are practised adepts of Bolshevik deception.

Voronaeff's father was head of the Evangelical Church of Russia—up until the time he was arrested and sent to Siberia, where he is presumed to have died. His mother spent fourteen years in prison, and was released to come to the United States—after an energetic campaign in her behalf by her family—in 1960.

**With his first-hand knowledge** of the "religious freedom" in the USSR, Voronaeff sought out an occasion to speak with the Russian visitors. He found it March 4, in Austin, Texas, when he attended a meeting at which a group of the Russians appeared. Voronaeff engaged one of them—Rev. A. I. Mitzkevitch—in conversation, and when it was discovered that he spoke Russian, Voronaeff was called on to act as translator. It developed that Mitzkevitch, who is associate general secretary of the Union of Evangelical Christian-Baptists, USSR, had known Voronaeff's mother. It also developed the prelate was highly unhappy with his mission—and, as he privately unburdened himself to Voronaeff, vehement about the suppression of religion in the Soviet Union. The story, as Voronaeff told it to this writer and in two articles for the *Christian Beacon,* runs as follows: persecution of religion, according to Mitzkevitch, is standard procedure in the USSR. He told of a Russian province where 40 churches existed a year ago; now there is only one. "Between the cities of Omsk and Vladivostok," Voronaeff relates, "there is not one church open. In Moscow, for eight and a half million people, there is only one church." Mitzkevitch further revealed that he had himself been in concentration camps three different times, and believed he might be locked up again as a result of his disclosures.

**Prior to leaving Moscow,** the clergymen were briefed on what they were to say in America, and what they were to look for. One topic on which the visitors carried special instruction: the Russian peasants who sought (and were denied) asylum in the American Embassy in Moscow, on the grounds of religious persecution, were to be described as "mentally ill."

Mitzkevitch also revealed that four members of the group of visiting Russians were agents of the KGB—the Soviet secret police. The trip, he said, was arranged purely for propaganda purposes; concerning various protests which had been staged against it, he declared: "The more pickets we see on the sidewalks the more I rejoice to know in my heart that the American people are not fooled."

One man named as a KGB agent by Mitzkevitch is Alexis Stoyan—"Rev." Stoyan to the National Council of Churches—who was also known to Voronaeff's mother in his profane rather than sacred capacity in Moscow. Mrs. Voronaeff says the alleged "independence" of religion in the Soviet Union is nonexistent. "Most of the Russian churches," she says, "have been closed and torn down. Only a very few churches are permitted to remain open in a few of the larger cities for propaganda purposes. They exist to attempt to show foreign tourists and visitors that there is no religious persecution in the USSR."

Voronaeff concurs: "There is no freedom of religion in Russia today beyond the liberty to attend a few government-licensed churches under secret police-approved ministers."

"If Americans are taken in by Soviet propaganda about freedom of religion in Russia," he adds, "then their will to mount a strong resistance to Communism will be that much weakened. It is all part of Khrushchev's effort to build an image of himself abroad as a 'moderate.'"

**Not all of Voronaeff's discoveries** were based on what Mitzkevitch told him. He noted for himself that the official translator provided for the Russians by the American State Department spoke excellent Russian but very poor English. What English he could muster was used in editorializing the clergymen's statements to put the best possible face on things for the Soviet state. Moreover, Voronaeff says, "A representative of our United States State Department was going around briefing people on what to ask, what not to ask, what would embarrass, what would not embarrass. That is the most amazing thing to me; I cannot understand. We are supposed to be fighting Communism."

Voronaeff is not alone in his perplexity.

M. Stanton Evans



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**BONN** **ROUGH CHANNEL CROSSING**

If Harold Wilson, new chief of Britain's Labor Party, becomes Prime Minister in the next British general election, Britain won't be assured a warm welcome on the Continent. For Labor's cousin, the German Social Democratic Party, has been horrified in recent weeks by two aspects of Mr. Wilson's program. In his Cardiff speech, which the German press has described as "notorious," he went beyond a mere restatement of the views held by the late Hugh Gaitskell, and called for Western recognition of the present eastern borders of West Germany and de facto diplomatic recognition of East Germany. His statements on Berlin have been interpreted as premature

# Abroad

and unwarranted surrender of bargaining positions with the Soviets, and his plans for nationalization of British industries go far beyond the vestigial socialism of the German Socialists, whose entire economic philosophy has been undermined by the tangible results of Erhard's application of classical economic principles. The ideal of socialist brotherhood across the Channel may be in for a rough crossing—how rough, one may guess in the next weeks from the German Socialists' reaction to the welcome Harold Wilson receives in Washington during his visit this week.

**TEL AVIV** **THE HARNESSED SUN**

For several years Israel has been working intensively on the problem of utilizing solar energy. A solar laboratory has been set up with a staff of 25 research professors plus several score technicians. Many devices are currently being field tested in this land of abundant sunshine. Thousands of solar water heaters are being installed on the roofs of houses and apartment buildings each year, and are giving satisfactory year-round service. Solar power generators have also been developed, which are expected to be able to supply electricity to villages unconnected with the major power grids. Export of one successful design of water heater has begun on a considerable scale to Mediterranean and African countries.

**ATHENS-ANKARA** **MILITARY MANEUVERS**

According to reliable sources, Turkey has added three divisions, including one armored, to its defense along the Bulgarian border; has beefed up its garrisons along the Iraqi border, where trouble may arise from the thousands of Kurds on Turkish soil who sympathize with the Kurdish rebels in Iraq and Iran; and has strengthened its guard along the Syrian border, where smuggling has flourished in the past. Both Greece and Turkey, which have begun to receive U.S. materiel in the program to modernize their armed forces, will hesitate to bear any additional NATO burden involved in nuclear weapons. Possibly to offset the withdrawal of U.S. missile bases—and the wave of anti-American sentiment which resulted therefrom—major NATO war games will be played this summer in the Greek and Turkish areas, and starting this June the island of Crete will be built into a training center for missile crews (Nike, Hawk, Sergeant). The center will be directed by U.S. experts, seconded by Greek forces, and will offer missile training to military officers from West Germany, Belgium, Denmark, Norway, France, Holland, and Turkey.

**RABAT, MOROCCO** **SHIFTING SANDS**

King Hassan II's trip to the United States this week interrupted extremely delicate negotiations between Morocco and Libya on how best to offset the growing strength of Nasser in the Arab world. Three developments in recent months have almost forced Morocco and Libya into closer cooperation against the Nasserite ambitions. 1) The rise of Algerian strongman Ben Bella and his boast that Algeria will be the dominating power in the Maghreb which has already soured Algerian-Tunisian relations. 2) Nasser's intervention in Yemen on the side of the revolutionary forces with the threat that poses to the royal houses of Saudi Arabia and Jordan, which are, like Libya and Morocco, monarchies. And 3) the recent coups in Syria and Iraq by pro-Nasser army officers and the current negotiations among the three countries to establish a loose federation. Libya, whose oil-rich territories border on Egypt, has felt itself under increasing pressure from Nasser as the flame of revolution has swept south from the Turkish border to the Gulf of Aden. An entente between Hassan II and Idris I could be the cornerstone for an anti-Nasser power bloc along the southern and eastern Mediterranean made up of Morocco, Tunisia, Libya, Saudi Arabia, Jordan and perhaps even Lebanon.

Papas *London Sunday Times*

***". . . so the Army took over the government, which was governed by the Army, which took over the government, which was governed by the Army, which. . ."***



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# BUSINESS

**THE STOCK MARKET HAD** the air of a dowager—distinguished, imperious, wealthy—but dull. After counting their gains acquired from profit-taking after many prices had reached new highs, investors found excitement only in the market's potentials and a spring-budding promise of much greater activity.

The stock market's greatest problem seemed to be thinness of volume, and even out-of-towners were blaming the New York newspaper strike and its effect in depriving investors not only of their quotations but of a regular supply of corporate and market news. If this particular writer may be permitted an editorial comment, never before has the value of those solid, meaty financial sections in some of the newspapers been so dramatically obvious. It is significant that the odd-lot sales on the Stock Exchange have been outnumbering purchases during the entire newspaper strike.

But was investor apathy the only cause for lethargy in an otherwise solid market?

We asked more than a dozen brokers, seeking an explanation for the market's behavior.

A number of them, the more seasoned in most cases, are more concerned about long-range economic effects than they are about immediate market influence such as higher corporate earnings in the next six months.

At the heart of this attitude is the Administration's fiscal policy. When at one time the Administration calls for increased government spending, and at another demands a tax cut to "stimulate" the economy, the old pros see only a glaring inconsistency.

If federal expenditures are increased, they reason, a tax cut will mean more deficit financing, which means, of course, an increased national debt, the probability of inflation and a loss of confidence in the economy which would discourage investment and prevent that sound economic growth so frequently extolled by the inhabitants of the White House.

This, the long view, dampened the enthusiasm of those particular investors.

Others, looking at conditions closer at hand, see the prospect of record or near-record earnings for corporations in the last half of the year, even though their corporate officers are complaining over lack of a definite tax policy.

As if in confirmation of this more optimistic view, the Administration has boosted—unofficially—its estimate of national output for 1963.

The most sensitive business indicators, those business indices so closely watched by all Washington statisticians, indicate a rather strong pickup in spring business, predicated on a fresh consumers' buying spree. Of seventeen such indicators so far available recording the February figures, all but four showed rises.

Moreover, and perhaps most significant of all "indicators," Dr. Walter Heller, Chairman of the President's Council of Economic Advisers, has revised upward by $2 billion his estimate of the 1963 Gross National Product, total dollar output of goods and services. He now calculates it will be $580 billion.

The Administration is much concerned about the high rate of joblessness, however, and as predicted on this page heretofore, a considerable amount of drum-beating over unemployment can be expected to assist in pushing through Liberal legislation heralded as New Frontier solutions.

Thus, those anonymous policy-proclaimers called "Administration spokesmen" quickly told the Associated Press that Mr. Heller's revised estimate of the GNP would represent only a $26 billion increase over last year, and the same amount of increase in 1962 failed to prevent rising unemployment.

## & Briefs

**Because of an expected** increase in consumer expenditures (an estimated 17% of Americans plan to buy appliances this year) investors are being urged by some analysts to turn their attention to finance companies. Some are believed to be underrated in the marketplace. So, too, are some savings and loan associations, whose mortgages will supply many of the additional new homes projected for this year.

**After General Motors stock** hit a new high for the year, some analysts, pointing out that it didn't reach a high last year when it became apparent that the company would earn the highest amount of any corporation in history, predicted that GM is enroute to another record.

**A Wall Street rumor has it** that Curtis Publishing Company's next report will show greatly improved earnings, and that a breakdown of figures will show an increase in revenues for the scarred *Saturday Evening Post*.

**After the Securities and Exchange Commission** releases its second report on the securities markets, sometime next month, look for a special Senate probe of all markets, sparked by Sen. Harrison Williams (D., N.J.), head of the Securities Subcommittee.

**Even as the Administration** and business leaders struggled with methods to induce greater capital investment within the American economy, a report was released showing that a survey made in December forecasts that industrial investment in Norway will increase 23% over last year.

**The domestic petroleum industry** is preparing a major campaign to thwart Administration plans to lower the depletion allowance on oil. Key argument: it would curtail oil drilling activity in the U.S., which has already declined from 58,000 wells drilled in 1956 to 46,000 in 1962. The U.S. has less than 14% of the free world's oil reserves, but consumes about 50% of all oil products.

DONALD I. ROGERS



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